

Message Text

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PAGE 01 EC BRU 04799 121809Z
ACTION EUR-12

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FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 3774
INFO AMEMBASSY BRUSSELS

UNCLAS EC BRUSSELS 04799

E.O. 11652:N/A

TAGS:EEC

SUBJECT: HOST COUNTRY CONCESSIONS TO INTERNATIONAL ORGANIZATIONS

REF: STATE 78533

1. SUMMARY: THERE IS NO FORMAL ASSISTANCE GIVEN TO THE EC REGARDING THE COSTS OF ITS HEADQUARTERS BUILDINGS IN BRUSSELS, BUT A DE FACTO SUBSIDY IN THE FORM OF A FAVORABLE RENT ON THE MAIN BUILDING, BERLAYMONT. END SUMMARY

2. THE EC COMMISSION HAS FINALLY RESPONDED TO OUR REPEATED REQUESTS FOR INFORMATION CONCERNING QUESTIONS POSED REFTEL.

3. THE EC DOES NOT OWN ITS HEADQUARTERS BUILDINGS IN BRUSSELS, BUT LEASES THEM. FOR THOSE BUILDINGS LEASED FROM PRIVATE OWNERS, THE EC PAYS COMMERCIAL, MARKET DETERMINED RENTALS, WITH NO SUBSIDIES PROVIDED BY THE HOST GOVERNMENT. HOWEVER, THE MAIN BUILDING, BERLAYMONT, IS LEASED FROM THE BELGIAN GOVERNMENT, ALTHOUGH THERE IS NO FORMAL SUBSIDY INVOLVED, WE ARE TOLD THAT, THANKS TO PRESSURE APPLIED BY MEMBER STATES, THE COMMISSION PAYS A "PRIX INTERESSANT", SOMEWHAT LOWER THAN THE RENTAL THE BUILDING COULD COMMAND ON THE MARKET.

4. WE HAVE TRIED TO DETERMINE ABOUT HOW MUCH IMPLICIT
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SUBSIDY MIGHT BE INVOLVED. THE BERLAYMONT IS A BUILDING OF 112,766 SQUARE METERS IN THE SUPERSTRUCTURE, AND 95,759 SQUARE METERS IN THE UNDERGROUND PORTION, WHICH CONSISTS OF RESTAURANT, MEETING ROOMS, AND PARKING. IN AN AGREEMENT REACHED IN 1968, THE EC AGREED TO AN ANNUAL RENTAL OF 1,450 BF PER SQUARE METER FOR WINDOWED OFFICE SPACE, HALF THAT AMOUNT FOR INTERIOR SPACES IN THE

SUPERSTRUCTURE,BUT ONLY A TOKEN RENTAL (1 EUROPEAN
UNIT OF ACCOUNT) FOR THE UNDERGROUND SPACE. (WE ARE
TOLD THE EC BALKED AT PAYING RENTAL FOR THE UNDERGROUND
PORTION OWING TO INADEQUATE VENTILATION AND AIR CONDITIONING.)
THESE AMOUNTS WERE INDEXED IN THE NORMAL BELGIAN FASHION,
AND THE ANNUAL RENT FOR OFFICE SPACE NOW BEING PAID IS
2,682 BF PER SQUARE METER.BY WAY OF COMPARISON,WE HAVE
BEEN TOLD THAT CURRENT COMMERCIAL RATE FOR COMPARABLE
OFFICE SPACE RUNS BETWEEN 2,800 - 3,200 BF PER SQUARE
METER.
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